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7 Performance Analysis of Village-Owned Enterprise Managers as a Basic of Designing Education and Training

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1 Abstract

Formation and management of Village-Owned Enterprise (BUMDes) is a manifestation of village productive economic management which is done cooperatively, participative, emancipative, transparently, accountable, and sustainable, which the main goal is to improve village economy. This research focus is aimed to examine the performance of BUMDes managers in Jombang Regency by using three performance indicators as a basic to develop educational model and entrepreneurship training for BUMDes managers. This research uses qualitative approach because it is more natural, descriptive, and inductive in form of case study. This research is done in BUMDes in Jombang Regency. The research subjects are BUMDes manager, headmen, BPD and people who use the service of BUMDes. The data collection technique used is interview, observation and documentation, while the data analysis used is Miles and Huberman model. The preliminary result of this research shows that in: (1) input performance indicator, human resources who handle BUMDes are inexperienced and have background education which is not relevant with their job; (2) process performance indicator, managers are not professional in doing their job; (3) output performance indicator, only some of BUMDes goals have been achieved such as: be able to donate some of BUMDes income to the rural income, creating employment, while the business development is not developed yet.

Keyword: BUMDes, Manager Performance, Education and Entrepreneurship Training

1. Introduction

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Village-Owned Enterprise (BUMDes) is a pillar of economic activity in village functioned as social institution and commercial institution. BUMDes as social institution takes sides to public interest through their contribution in providing social service. As a commercial institution, it aims to look for profit through local resources offer (goods and services) to market. BUMDes as a legal entity is formed based on the prevailing law, and in accordance with the community agreements. Therefore, the form of BUMDes may vary in every village in Indonesia in accordance with the local characteristics, potency, and resources owned by every village. BUMDes formation demands to be developed, as a solution to omit poverty. (Prabowo, 2014)

Sihabudin (2009) in his research which title is Legal Entity form of Village-Owned Enterprise (BUMDes) Potential-Based Village Economy, explains that BUMDes as a rural economic institution is expected to be able to strengthen rural economic by: (1) improving the service in accordance with the necessities and characteristics of the society; (2) Interaction of BUMDes with the other institution such as cooperation, has to be facilitated and protected by village or local government, especially the existence and the sustainability of BUMDes can be maintained; and (3) institutional rules of BUMDes have to be consistent with the essence of village as a public legal entity to manage the local community.

Prabowo (2014) in his research which title is Developing Bumdes (Village-owned Enterprise) for Sustainable Poverty Alleviation Model Village Community Study in Bleberan-Gunung Kidul-Indonesia concludes that Village-Owned Enterprise (BUMDes) is formed to omit poverty in that area. It is in accordance with Regulation of the Minister of Rural Development of Underdeveloped Regions, and Transmigration of public of Indonesia number 4 in 2015 which states the goals of BUMDes formation, which are: (1) Improve the village economy; (2) Optimize village assets for village prosperity; (3) Improving the society's effort in managing economic potencies of a village; (4) Developing business collaboration plan among villages and/or with the third party; (5) Creating opportunities and market network supporting the needs of public service; (6) Creating employment; (7) Improving society's welfare through public service improvement, growth and equalization of village economic; and (8) Improving villagers' income and rural income /PADes.

Research conducted by Hardijono, and friends (2014), which title is "Economic Independence Of The Village Through Institutional Village Enterprises (BUMDes)" concludes that: (1) BUMDes institution refers to the maximization of utility as a goal, and profit maximization, (2) BUMDes tends to prioritize villagers' rationality as a group, with social capital as a basic of individual interest preferred, (3) Organization structure of BUMDes outside of village government structure is not always stable and efficient in serving villagers, (4) Motivation of villagers assigned as BUMDes managers is based on non material, in form of respect and socioeconomic appreciation.

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Research conducted by Ramadana, and friends (tt) which title is The Existence of Village-Owned Enterprise (BUMDes) as a rural economic reinforcement (case study in Landungsari Village, Dau sub-district,

Malang Regency), concludes that BUMDes performance is not maximum yet. It is proven by many business forms in village-owned enterprise (BUMDes) gradually stop because they lack of business capital. They do not increase the rural income.

Gunawan (2011), in his research, explains that to achieve BUMDes goals and target, management application professionally is required, they are: (1) human resources management; (2) financial management; (3) production management; and (4) marketing management.

The establishment and management of Village-Owned Enterprise (BUMDes) is a manifestation of village productive economic management which is done cooperatively, participative, emancipative, transparently, accountable, and sustainable, which the main goal is to improve village economy. Therefore, serious effort is needed to create effective, efficient, professional and independent BUMDes management. Therefore, villages need professional and dedicated BUMDes managers.

The success of Village-Owned Enterprise (BUMDes) Management is determined by the managers' skill. In fact, most of managers are chosen by villagers from the result of village conference and the number of people who are able and willing to be BUMDes managers is limited. As the result, the BUMDes managers chosen have different experience and background education. In fact, they are demanded to work professionally. Therefore, education and entrepreneurship training are required for BUMDes managers, so they can develop their rural business.

This research is aimed to examine the performance of BUMDes managers in Jombang Regency in managing BUMDes by using performance indicators: (1) Input Indicator; (2) Process Indicator; and (3) Output Indicator (Mahsun, 2006) as basic to design education and entrepreneurship training. Material which will be given in education and entrepreneurship training should be appropriate with the BUMDes managers' needs.

2. Research Method

This research uses qualitative approach because it is more natural, descriptive and inductive in form of case study. The location of this research is in BUMDes Gambiran Sejahtera, Jombang Regency. The research subjects are BUMDes managers, headmen, and people using BUMDes service. The data collection technique used are interview, observation and documentation, while the data analysis used in this research is Miles and Huberman model (1984) in Sugiyono (2011), who classifies data analysis into three steps, there are: (1) Data reduction, which chose the result of observation, interview, or documentation, which are very relevant with problem which will be examined; (2) Display data, which displays data in form of narrative text to explain BUMDes performance; (3) Verification and conclusion, which are establishment of the truth of theory, and fact, based on data collected to be managed, analyzed and concluded.

3. Research Finding

Based on the preliminary research conducted by the researcher, the information got about the performance of BUMDes managers are:

1.1 Performance of BUMDes Managers, viewed from Input Indicator

According to Local Regulation of Jombang Regency Number 3 in 2013 about Establishment and Development Procedure Guideline of Village-Owned Enterprise, management organization of BUMDes is separated from Village Government Organization. Management organization of BUMDes at least consists of Commissioner and Managers. The commissioner is the headman, while the operational executors or managers are chosen by the villagers through village conference which is written in agenda with qualifications as follows: the candidates are domiciled in that village and have entrepreneurship. The properties of management organization of BUMDes such as, Secretary, Treasurer, and Head of Business Unit, are chosen by managers with Commissioner's consideration. Because of chosen by villagers in village conference, many of director managers do not have experience and background education relevant with their job. Besides, many competent villagers do not want to be BUMDes managers because they will be demanded to work professionally with low salary.

1.2 Performance of BUMDes Managers, Seen from Process Indicator

From the researcher observation, the performance of Village-Owned Enterprise (BUMDes) manager in doing their job is not professional, such as, manager's ability in financial management is low. It is because many managers do not have experience and background education which is relevant with their job, especially ones related to financial management which becomes responsibility of BUMDes manager. Managers' effort to increase BUMDes capital by exploring the business is not maximum yet. Managers should report the company

result in form of written report to Commissioner, in this case to the Headman, and then Commissioner report it to BPD and villagers. Managers often do not make the report on time. Most of BUMDes managers do not give their best service to villagers.

1.3 Performance of BUMDes Managers, Seen from Output Indicator

Most of businesses handled by BUMDes are not developed well, meaning that the type of business handled by BUMDes is still similar since it was formed until now. Most of the village potencies are not developed yet. The result of researcher's observation in Gambiran village, Mojoagung sub-district, Jombang Regency are: (1) Home industry producing snack named "Antari" dan "jepit" (in form of pinch rolls and pinch cones), which market is still limited because it is not familiar in villagers; (2) Mojoagung Market located in Gambiran Village has many organic and inorganic waste which are not used well; (3) There is also a factory processing cattle fodder in Gambiran Village which needs elementary materials, such as: corn, fish flour, bran, and fish oil, which all are supplied by suppliers from out of Gambiran Village.

Regulation of Jombang Government who will give a hundred million as donation to BUMDes is also a potency which needs to be developed to create a saving and loans business from villagers who need money.

4. Discussion

4.1 The Role of Education and Entrepreneurship Training to Increase The Quality of Human Resources Who Manage BUMDes

From the research finding above, seen from process indicator, most of BUMDes managers do not have work experience and background education relevant with their job. Therefore, education and entrepreneurship training are required for BUMDes managers, so they can develop the business to increase their income and BUMDes' income.

In some researches, education and entrepreneurship training are required in company, small and medium enterprises (UKM), and business entity including BUMDes. Collett and Gale (2009) in their research which title is *Training for Rural Development Agricultural and Enterprise Skills for Women Smallholders* states that integrating agricultural training by company training can help woman farmer to manage agricultural production effectively, so it will have better quality, easy to be sold and provide much profit.

Peel Dave (2008) in his research which title is "What Factors Affect Coaching and Mentoring in Small and Medium Sized Enterprises" concludes that training and mentoring activities are demanded in small and medium enterprises (UKM) based on problems identification coming up in small and medium enterprises. Then, the most appropriate training and mentoring activities are applied. Price and McMullan (2012), also states that education in broad meaning is a part of solutions supporting the growth rate and supporting the group which is less represented to be involved and developed.

Turere (2013) in his research which title is "The Influence of Education and Training to the Improvement of Employee Performance in Agricultural Technical Training Institute Kalasey", explains that education and training is one important aspect which needs to be concerned in an organization in order to survive in business competition nowadays. Many business organizations which are failed to achieve their goals caused by the employees who cannot work effectively and efficiently anymore.

Improvement of Human Resources (SDM) is an important thing to increase productivity. One way to improve human resources is education and entrepreneurship training aimed to: (1) Improve entrepreneurship skills; (2) Creating qualified and creative human resources (SDM) as a provision to be entrepreneurs; (3) Creating business network; and (4) Developing home industry.

Essentially, education and training program given is additional effort to maintain and explore the employee's skill and the readiness in doing their task and facing the challenge. Therefore, an organization or business entity should evaluate the particular education and training program for employees in improving their awareness and spirit to always learn and improving their skill continuously.

Improving the quality of human resources of BUMDes managers through education and training can improve their performances. Moreover, by education and training, BUMDes managers may have creative ideas to develop their new business. Education and training also can improve BUMDes managers' attitude and work motivation, which influence the BUMDes managers to have high self esteem in order to make BUMDes be better. Good attitude, high motivation, and high self esteem are parts of human resources' quality required in business organization.

4.2 The Role of Education and Entrepreneurship Training in Improving the Quality of BUMDes to Develop the Business

Each individual has different skill which needs to be explored. Everyone's skill can help them to improve their self quality. Not all of BUMDes managers can have the expected skill, so education and training is required to help managers to improve their skill in doing their work.

Rosmiati, and friends. (2015) in their research which title is "Attitude, Motivation, and Interest of College Students in Entrepreneurship", shows that there are many opportunities for the meticulous entrepreneurs to see business opportunities, so they can develop the new business needed by society. Process to develop new business is happening in entrepreneur process, which involves more than problem solving in a management position. A businessman has to find, evaluate, and develop an opportunity by overcoming a power which impedes to create something new. This process has four different steps: (1) Identification and Evaluation of Opportunities; (2) Business plan development; (3) Determine the required resources; and (4) company management which is produced. Identify the opportunity and do evaluation is a difficult work. Most of good business opportunities do not come up suddenly. It is caused by a businessman's carefulness to see some alternative probability, and mechanism formation which can identify potential opportunities.

Managers' skill is focused on one's ability to develop their creativity and ideas in business development based on village's potencies. One who has high creativity has imagination to read business opportunities well. Therefore, through education and entrepreneurship training, managers get material related with business development skill, such as: (1) ways to read business opportunities; (2) ways to analyze the strengths and weaknesses of new business; (3) ways to get business capital; and (4) how to make business proposal.

Priyanto (2009) in his research which title is "Developing Entrepreneurship Education in Society", explains that the basic principles in entrepreneurship education, which are , influencing the entrepreneurs to be interested and motivated, teaching the entrepreneurs to be able to see opportunity factors, and teaching entrepreneurs to have some skills, such as: social skill, industrial skill, organizational skill and strategic skill.

Education and training activity should be able to motivate the participants to be interesting in entrepreneurship, Dublin (2012) in his research which title is "Entrepreneurship Skills for Growth-Orientated Businesses Institute of Technology Report for the Workshop on Skills Development for SMEs and Entrepreneurship" explains that education and training play the key role in creating new businessmen in the future and in developing businessmen's skill to develop their business to the larger scale. European Commission (2008) states that the goals of education and entrepreneurship training are able to develop entrepreneurial capacity and thinking pattern which is beneficial economically, pushing the creativity and innovation.

The donation of BUMDes' income to the rural income can be used to make village programs, physically or non physically, to improve the villagers' prosperity. Obviously, it will give positive effect to the village development, which will influence the development in subdistrict, regency/city, province and country, as the most of villages had. If it happens continuously, the future goals of development which are written in motto "Develop Indonesia from Village" can be achieved.

4.3 The Role of Education and Entrepreneurship Training in Improving The Quality of BUMDes Managers to Improve Rural Income

In a research done by Sayuti (2011), BUMDes characteristic as an institution in human resourcing is in form of legal entity which is the center of villagers' economic activity, one of the rural income sources, and serves the villagers. We can see that BUMDes characteristic is a rural income source. Here, managers are required to be able to manage BUMDes to contribute to the rural income.

In this research, most of BUMDes can donate most of their income to increase their rural income, for example: in the statute of BUMDes Gambiran Sejahtera, distribution of net income is written as follows: 20% for keeping business capital, 40% for rural income, 5% for commissioner, 2.5% for inspector agency, 20% for managers, 2.5% for Gambiran Village BAZIS, and 10% for reserve. It shows the important role of BUMDes in improving rural income, which is 40% of net income. From the data obtained by researcher, the average income of BUMDes ranges from Rp 10.000.000 to Rp 11.000.000 a month. From here, we can determine the contribution of BUMDes to PADes or the rural income, which is between Rp 4.000.000 to Rp 4.400.000 each month. It proves that the role to increase rural income is achieved even it's not maximum yet. To maximize BUMDes income, managers are given education and entrepreneurship training to develop the business by using village potencies to increase BUMDes income, so the rural income is increased as well.

Effort to develop the business or add new business in BUMDes may be done by the managers who are broad minded and have a lot of knowledge, so they can utilize the economic potencies in their village. Most of the economic potencies are neglected, so BUMDes managers' skill to see and utilize the business opportunities. Education and training will be done well if it use applicative approach, and make the BUMDes managers to get

materials explained by instructor, and can get new knowledge which the BUMDes managers never think of. Therefore, it is possible to create new business and improve BUMDes manager.

5. Conclusion and Suggestions

Village-Owned Enterprise is the only economic institution owned by village, which is expected to be able to improve the village economy, so it needs to be managed by professional managers to achieve BUMDes goals. The result of preliminary research found that BUMDes managers' performance seen from: (1) Input performance indicator. In fact, most of human resources who handle BUMDes are inexperienced and do not have background education related with their job. It happens because managers are chosen by villagers based on village conference, and most of competent villagers do not want to be BUMDes managers who have to work professionally with low salary; (2) Process performance indicator. The incompetent managers is proven by their target in completing their work which is not maximum; and (3) Output indicator. Only some of BUMDes goals have been achieved, for instance: BUMDes can donate some of their income to rural income, can create employment and increase villagers' income, while the business development is not developed yet. It can be seen from the type of BUMDes, which remains similar from it was formed until now.

The information above is a researcher's basic to design Education and Entrepreneurship Training for BUMDes managers, in accordance with the managers' needs in doing their job.

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